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1 UNITED STATES DISTRICT COURT
2 FOR THE NORTHERN DISTRICT OF GEORGIA
3 ATLANTA DIVISION

4 UNITED STATES OF AMERICA,)
5)
6 -VS-) DOCKET NO. 1:20-CR-347-JPB
7) VOLUME 1 OF 3
8 RYAN FELTON,)
9)
10 DEFENDANT.)

11 TRANSCRIPT OF JURY TRIAL PROCEEDINGS
12 BEFORE THE HONORABLE J.P. BOULEE
13 UNITED STATES DISTRICT JUDGE
14 JULY 11, 2022

15 **APPEARANCES:**

16 **ON BEHALF OF THE GOVERNMENT:**

17 NATHAN PARKER KITCHENS, ESQ.
18 SEKRET T. SNEED, ESQ.
19 ASSISTANT UNITED STATES ATTORNEYS

20 **ON BEHALF OF THE DEFENDANT:**

21 JOSHUA S. LOWTHER, ESQ.
22 KATRYNA LYN SPEARMAN, ESQ.

23 **STENOGRAPHICALLY RECORDED BY:**

24 PENNY PRITTY COUDRIET, RMR, CRR
25 OFFICIAL COURT REPORTER
UNITED STATES DISTRICT COURT
ATLANTA, GEORGIA

I N D E X

WITNESS:**PAGE:**

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1 (PROCEEDINGS HELD IN OPEN COURT AT 9:38 A.M., ATLANTA)

2 (Court Announced)

3 COURTROOM DEPUTY CLERK: The Court has set aside time
4 for a jury trial in the case United States v. Felton, Case Number
5 1:20-CR-347.

6 Counsel, will you all make your appearances for the
7 record, please.

8 MR. KITCHENS: Good morning, your Honor, AUSA Nathan
9 Kitchens. And I'm here with AUSA Sekret Sneed on behalf of the
10 government.

11 THE COURT: Good to see both of you.

12 MR. LOWTHER: Good morning, your Honor. Joshua Lowther,
13 I'm here with Ms. Katryna Spearman for Mr. Felton. He's present
14 at the defense table with us.

15 THE COURT: Good to see all of you as well.

16 I don't think we have a lot to discuss before we bring
17 up the jury.

18 Do we know if the jury is ready to be brought up?

19 COURTROOM DEPUTY CLERK: Yes. And I've already told
20 them to come down and wait.

21 THE COURT: I think there was at least an issue with
22 documents and whether there was going to be an agreement with
23 documents. Did y'all work that out?

24 MR. KITCHENS: We did, your Honor. So we have a
25 stipulation with the defense for -- and this would go

1 Rule 902(11). So I can provide that to the government. It's been
2 agreed to by the parties that we would stipulate to the
3 authenticity of the business records with business records
4 certification. So I can provide that to the Court.

5 THE COURT: Okay. Thank you.

6 And, remind me, were there any other stipulations in
7 this case?

8 MR. KITCHENS: We have also reached a couple additional
9 stipulations. The defense has been very reasonable on those. As
10 a result of that, we've been able to limit some of the
11 witnesses -- eliminate some of the witnesses we previously had
12 anticipated a couple weeks ago that we would have to call. So we
13 won't -- we'll be -- at the appropriate time during trial we'll
14 read out those stipulations to the jury.

15 THE COURT: Okay.

16 MR. KITCHENS: One other thing to note as part of
17 pairing down the witness list, there is one of the individuals
18 that's listed in the indictment as having a transaction, and this
19 is in Count 23 of the indictment, it's the individual with the
20 initials BP. He is located in the United Kingdom. We have tried
21 to arrange his travel and it is something that he is not able to
22 travel for purposes of this trial. As a result of that, and I've
23 discussed that with the defense, it's our intention that we would
24 dismiss that count. That's Count 23 relating to BP.

25 So what we would anticipate doing is for the indictment

1 itself, we could present a redacted version of the indictment that
2 would just black out that row of the charges. And this is on page
3 25 of the indictment.

4 THE COURT: So then if I'm listing the charges, I would
5 say instead of Counts 22 through 25 of wire fraud, it would be 22
6 through 24 of wire fraud, then 25 through 26 of money laundering
7 and Count 27 of securities fraud?

8 MR. KITCHENS: That seems correct, your Honor.

9 THE COURT: Anything else from either side before we
10 bring in the jury?

11 MR. KITCHENS: I don't think --

12 THE COURT: Potential jurors.

13 MR. KITCHENS: I don't think there's really anything
14 more from the government. But I would just say based on kind of
15 the combination of those stipulations as well as our efforts to
16 pair down the trial schedule, just to inform the Court we would
17 anticipate, I think, that the trial will likely end on Thursday.
18 So I think we've shaved off a day from what we had anticipated at
19 the pretrial conference.

20 THE COURT: Do you agree?

21 MR. LOWTHER: We have nothing further from our side.
22 And we do agree that this trial should conclude on Thursday.

23 THE COURT: Okay. Thank you, counsel.

24 All right. And, obviously, I've got folks normally that
25 would be back in the gallery in the jury box to make more room for

1 our potential jurors.

2 All right. Ms. Oduka, if we can please bring in the
3 panel.

4 (Jury voir dire commenced)

5 (Whereupon the jury was duly sworn)

6 COURTROOM DEPUTY CLERK: Thank you. You all can be
7 seated.

8 THE COURT: Now that you've been sworn, I need to
9 explain some basic principles about the criminal trial and your
10 duty as jurors. These are my preliminary instructions to you. At
11 the end of the trial I will give you more detailed instructions.

12 It will be your duty to decide what happened so you can
13 determine whether the defendant is guilty or not guilty of the
14 crimes charged in the indictment. At the end of the trial, I will
15 explain the law that you must follow to reach your verdict. You
16 must follow the law as I explain it to you even if you do not
17 agree with the law.

18 You must decide the case solely on the evidence
19 presented here in the courtroom. Evidence can come in many forms.
20 It can be testimony about what someone saw or heard or smelled.
21 It can be an exhibit admitted into evidence. It can be someone's
22 opinion.

23 Some evidence proves a fact indirectly, such as a
24 witness who saw wet grass outside and people walking into the
25 courthouse carrying wet umbrellas.

1 Indirect evidence, sometimes called circumstantial
2 evidence, is simply a chain of circumstances that proves a fact.
3 As far as the law is concerned, it makes no difference whether
4 evidence is direct or indirect. You may choose to believe or
5 disbelieve either kind and should give every piece of evidence
6 whatever weight you think it deserves --

7 Certain things are not evidence and must not be
8 considered as such. I'll list them for you now.

9 Statements and arguments of the lawyers. In their
10 opening statements and closing arguments the lawyers will discuss
11 the case, but their remarks are not evidence.

12 Questions and objections of the lawyers. The lawyers'
13 questions are not evidence. Only the witness's answers are
14 evidence. You should not think that something is true just
15 because a lawyer's question suggests that it is.

16 For instance, if a lawyer asks a witness, You saw the
17 defendant hit his sister, didn't you, that question is no evidence
18 whatsoever of what the witness saw or what the defendant did
19 unless the witness agrees with it.

20 There are rules of evidence that control what can be
21 received into evidence. When a lawyer asks a question or offers
22 an exhibit and a lawyer on the other side thinks that it is not
23 permitted by the rules of evidence, that lawyer may object.

24 If I overrule the objection, then the question may be
25 answered or the exhibit received into evidence.

1 If I sustain the objection, then the question cannot be
2 answered and the exhibit cannot be received.

3 Whenever I sustain an objection to the question, you
4 must ignore the question and not try to guess what the answer
5 would have been.

6 Sometimes I may order that evidence be stricken and that
7 you disregard or ignore the evidence. That means that when you're
8 deciding the case, you must not consider that evidence.

9 Some evidence is admitted only for a limited purpose.
10 When I instructed you that an item of evidence has been admitted
11 for a limited purpose, you must consider it only for that limited
12 purpose and no other.

13 In reaching your verdict you may have to decide what
14 testimony to believe and what testimony not to believe. You may
15 believe everything a witness says or part of it or none of it. In
16 considering the testimony of any witness, you may take into
17 account the opportunity and ability of the witness to see or hear
18 or know the things testified to, the witness's memory, the
19 witness's manner while testifying, the witness's interest in the
20 outcome of the case and any bias or prejudice, whether other
21 evidence contradicted the witness's testimony, the reasonableness
22 of the witness's testimony in light of all the evidence, and any
23 other factors that bear on believability. I will give you
24 additional guidelines for determining credibility of witnesses at
25 the end of the case.

1 As you know, this is a criminal case. There are three
2 basic rules about a criminal case that you must keep in mind:

3 First, the defendant is presumed innocent until proven
4 guilty. The indictment against the defendant brought by the
5 government is only an accusation, nothing more. It is not proof
6 of guilt or anything else. The defendant, therefore, starts out
7 with a clean slate.

8 Second, the burden of proof is on the government until
9 the very end of the case. The defendant has no burden to prove
10 his innocence or to present any evidence or to testify. Since the
11 defendant has the right to remain silent and may choose whether to
12 testify, you cannot legally put any weight on a defendant's choice
13 not to testify. It is not evidence.

14 Third, the government must prove the defendant's guilt
15 beyond a reasonable doubt. I will give you further instructions
16 on this point later but bear in mind that the level of proof
17 required is high.

18 Our law requires jurors to follow certain instructions
19 regarding their personal conduct in order to help assure a just
20 and fair trial. I will now give you those instructions.

21 Do not talk either among yourselves or with anyone else
22 about anything related to this case. You may tell the people with
23 whom you live and your employer that you are a juror and give them
24 information about when you will be required to be in court, but
25 you may not discuss with them or anyone else anything related to

1 this case.

2 Do not at any time during the trial request, accept,
3 agree to accept or discuss with any person any type of payment or
4 benefit in return for supplying any information about the trial.
5 You must promptly tell me about any incident you know of involving
6 an attempt by any person to improperly influence you or any member
7 of the jury.

8 Do not visit or view the premises or place where the
9 charged crime was allegedly committed or any other premises or
10 place involved in the case. And you must not use Internet maps or
11 Google Earth or any other program or device to search for a view
12 of any location discussed in the testimony.

13 Do not read, watch or listen to any accounts or
14 discussions related to this case which may be reported by
15 newspaper, television, radio, the Internet or any other news
16 media.

17 Do not attempt to research any fact, issue or law
18 related to this case, whether by discussions with others, by the
19 library or Internet research or by any other means or source.

20 In this age of instant electronic communication and
21 research I want to emphasize that in addition to not talking face
22 to face with anyone about the case, you must not communicate with
23 anyone about the case by any other means, including by telephone,
24 text message, e-mail, Internet chat, chat rooms, blogs or social
25 networking websites and apps such as Facebook, Instagram,

1 Snapchat, YouTube, Twitter or et cetera. You may not use any
2 similar technology of social media even if I have not specifically
3 mentioned it here.

4 You must not provide any information about the case
5 to anyone by any means whatsoever. And that includes posting
6 information about the case or what you are doing in the case on
7 any device or Internet site, including blogs, chat rooms, social
8 websites or any other means.

9 You also must not use Google or otherwise search for any
10 information about the case or the law that applies to this case or
11 the people involved in the case, including the defendant, the
12 witnesses, the lawyers or the judge. It's important that you
13 understand why these rules exist and why they're important.

14 Our law does not permit jurors to talk with anyone else
15 about the case or to permit anyone to talk to them about the case
16 because only jurors are authorized to render a verdict. Only you
17 have been found to be fair and only you have promised to be fair.
18 No one else is so qualified.

19 Our law does not permit jurors to talk among themselves
20 about the case until the Court tells them to begin deliberations
21 because premature discussions can lead to a premature final
22 decision. Again, do not talk with other jurors about the case
23 until the Court tells you to begin deliberations.

24 Our law also does not permit you to visit a place
25 discussed in the testimony. First, you can't be sure that the

1 place is in the same condition as it was on the day in question.

2 Second, even if it were in the same condition, once you
3 go to a place discussed in the testimony to evaluate the evidence
4 in light of what you see, you become a witness, not a juror.

5 As a witness, you may now have a mistaken view of the
6 scene that neither party may have a chance to correct and that
7 wouldn't be fair.

8 Finally, our law requires that you not read or listen to
9 any news account of the case and that you not attempt to research
10 any fact, issue or law related to the case. Your decision must be
11 based solely on the testimony and other evidence presented in this
12 courtroom.

13 Also, the law often uses words and phrases in special
14 ways, so it's important that any definitions you hear come only
15 from me and not from any other source. It wouldn't be fair to the
16 parties for you to base your decision on some reporter's view or
17 opinion or other information you acquire outside the courtroom.

18 These rules are designed to help guarantee a fair trial.
19 And our law accordingly sets forth serious consequences if the
20 rules are not followed. I trust that you understand and
21 appreciate the importance of following these rules. And in accord
22 with your oath and promise, I know that you will do so.

23 Moving now, if you wish, you may take notes to help you
24 remember what a witness has said. If you do take notes, please
25 keep them to yourself until you and your fellow jurors go to the

1 jury room to decide the case. Do not let note-taking distract you
2 so that you do not hear other answers by the witnesses. When you
3 leave the courtroom, your notes should be left in the jury room.

4 Whether or not you take notes, you should rely on your
5 own memory of what was said. Notes are to assist your memory
6 only. They are not entitled to any greater weight than your
7 memory or impression about the testimony.

8 The trial will begin shortly. First, the government
9 will make an opening statement, which is simply an outline to help
10 you understand the evidence as it comes in.

11 Next, the defense attorney may but does not have to make
12 an opening statement.

13 Opening statements are neither evidence nor argument.

14 The government would then present its witnesses, and
15 counsel for the defendant may cross-examine them.

16 Following the government's case, the defendant may, if
17 he wishes, present witnesses whom the government may
18 cross-examine.

19 After all the evidence is in, the attorneys will present
20 their closing arguments to summarize and interpret the evidence
21 for you. And I will instruct you on the law.

22 After that, you will go to the jury room to decide your
23 verdict.

24 Counsel, as far as your witnesses, other than those that
25 have been previously discussed, does anyone wish to invoke the

1 rule?

2 MR. KITCHENS: No, your Honor, I think that's it.

3 MR. LOWTHER: No, your Honor.

4 THE COURT: Mr. Kitchens or Ms. Sneed, are you ready to
5 give your opening statement?

6 MS. SNEED: Yes, your Honor. And if it's all right with
7 the Court, I would like to move the podium.

8 THE COURT: That's fine. Move it wherever you would
9 like.

10 MS. SNEED: May it please the Court.

11 Members of the jury, good afternoon. As you may recall
12 from earlier today, I am Assistant United States Attorney Sekret
13 Sneed, and I represent the United States of America.

14 This is a case about fraud. The evidence will show that
15 for a one-year period, from 2017 to 2018, the defendant, Ryan
16 Felton, defrauded the public into giving him money for two
17 different cryptocurrency focused projects. Investors gave him a
18 combined total of over \$2.5 million.

19 And instead of using that money to develop the projects
20 and to make them fully operational as the defendant promised
21 investors he would, he bought a \$1.5 Million house in Buckhead
22 and a \$180,000 Ferrari, a \$60,000 Chevy Tahoe and diamonds. And
23 the investors, the evidence will show that they were left with
24 cryptocurrency that is essentially worthless.

25 Now, I keep mentioning the term "cryptocurrency." Most

1 of you may have at least heard of it, but if you do not know much
2 about it beyond knowing cryptocurrency exists, do not worry
3 because we will have witnesses who will explain all of that to
4 you. You will hear a precise definition of cryptocurrency and how
5 the encryption that goes along with it allows people to trade it
6 for value. But for our purposes right now in general
7 cryptocurrency is Internet money, a way to buy and sell things on
8 the Internet anonymously without using a United States dollar, a
9 British pound, a peso or another form of traditional paper money
10 which is collectively known as fiat money.

11 There are many, many types of cryptocurrency. Some you
12 may have heard of such as Bitcoin or Ether. Ultimately for right
13 now as you begin to hear the evidence just know that while the
14 method that the defendant used to defraud investors into giving
15 him money may have involved 21st Century technology, the heart of
16 what he did is as old as time; lying to people to take their
17 money.

18 As I mentioned earlier, you'll hear about two different
19 schemes perpetrated by the defendant; one involving a promised but
20 never developed streaming entertainment platform that was to be
21 called FLiK, F-L-I-K, and the second a promised but never fully
22 operational cryptocurrency exchange, which is like a stockmarket
23 for cryptocurrency on the Internet, called CoinSpark.

24 First let's discuss FLiK. In August of 2017 the
25 defendant was working in the entertainment industry in Atlanta as

1 a film and television director and producer with his own company
2 called AVA Atlanta. You'll hear from witnesses that around this
3 time the defendant began to talk about an idea for a streaming
4 platform like a NetFlix, but instead of like on NetFlix where a
5 large part of the content comes from major studios, the content
6 was supposed to come from small independent filmmakers and
7 creatives. According to the defendant, this would mean that
8 instead of a big Hollywood studio providing the content or movies
9 and then taking most of the profits, smaller filmmakers would be
10 able to get funding and be able to distribute their movies all on
11 FLiK. And to add a nice 21st Century twist, the public would pay
12 to access FLiK via a specific type of cryptocurrency called a FLiK
13 token.

14 The defendant boasted that FLiK would ultimately take on
15 NetFlix, but a start-up like that, building a company like a
16 NetFlix from nothing takes money and lots of it. Instead of
17 finding a private investor to invest money in his project or
18 trying to bank for a loan, the defendant chose a unique
19 cryptocurrency tool, an initial coin offering, or an ICO, or a
20 crowd sale.

21 An ICO is a fund-raising event where a unique
22 newly-created coin or token, as the specific cryptocurrency is
23 called in this instance, is offered to the public for sale in
24 return for already established cryptocurrency. It is kind of like
25 an IPO, or an initial public offering, when a stock is first

1 offered to the public for sale.

2 The defendant promoted the FLiK ICO all across the
3 Internet. You will see the website that the defendant created for
4 FLiK. You will also see the white paper, which you'll hear during
5 the trial is a publicly-available document that describes the
6 project for which the ICO is being conducted. And the defendant
7 posted the white paper on the FLiK website and elsewhere on the
8 Internet.

9 You will see the post that the defendant made on message
10 boards aimed at investors, social media and cryptocurrency-focused
11 websites.

12 You will see where the defendant claimed that FLiK had a
13 large investment from a private investor of hundreds of thousands
14 of dollars; that TI, a globally-known rapper and actor based in
15 Atlanta, was a co-owner of FLiK; that the United States Military
16 had agreed to carry FLiK as a streaming platform available to
17 nearly 2 Million service members; and in a surprising move,
18 considering that the purpose of FLiK was to develop fund and
19 distribute small and independent films and content, that the
20 defendant was in serious talks with major Hollywood movie studios
21 and distributors to license their content for FLiK.

22 He also promised that any unsold FLiK tokens out of the
23 hundreds of thousands that he planned to make available for sale
24 during the ICO would be burned, which you will hear is a term used
25 in the cryptocurrency world to mean that the tokens would be

1 locked away in an account never to be sold or touched again.

2 The burn is a particularly important concept to some
3 investors because the less tokens on the market, the more valuable
4 the coins that exist on the market are.

5 The evidence will show that all of these promises and
6 representations by the defendant were false. The evidence will
7 show that there was no private investor who gave hundreds of
8 thousands of dollars. TI was not a co-owner. There was no
9 agreement with the United States Military. And there were no
10 agreements with major movie studios to put content on FLiK. There
11 was no burn since the defendant failed to mention that he would be
12 keeping tens of millions of FLiK tokens after the ICO to dump on
13 the market and sell for his own profit. And most importantly,
14 there was nothing concrete in development that could or would
15 become FLiK.

16 Specifically you'll hear from witnesses who know the
17 defendant, spoke with him about FLiK and know the truth about the
18 lack of any real progress on a FLiK streaming platform. For
19 example, you'll hear from a representative of TI who spoke
20 repeatedly with the defendant about FLiK, a cryptocurrency
21 entrepreneur who the defendant identified as a third member of the
22 FLiK team, and a CEO of the company that the defendant claimed was
23 developing the streaming platform itself. And you'll hear from
24 two individuals who were friends of the defendant who agreed to
25 take over FLiK after it repeatedly missed deadlines for the

1 supposed launch. All of these witnesses will tell you that the
2 defendant's statements and promises to the public were lies.

3 Lastly, you will even hear from the defendant himself in
4 an interview with the FBI and from sworn testimony about FLiK
5 where he attempts to justify his representations to victim
6 investors.

7 The defendant conducted the ICO from August 20, 2017, to
8 September, 20, 2017. You will hear from investors who were relied
9 on and was spurred by the defendant's tall tales that they
10 believed to be the truth.

11 We will show you how the cryptocurrency that ICO
12 investors paid to purchase FLiK tokens went into the FLiK
13 cryptocurrency account that only the defendant had access to, was
14 converted into United States dollars, into cash, and transferred
15 into a Wells Fargo bank account in the defendant's name.

16 We'll also show you how after the ICO, instead of
17 burning the unsold FLiK tokens as the defendant promised, the
18 defendant dumped large volumes of FLiK tokens for sale on
19 cryptocurrency exchanges named EtherDelta and CoinExchange.
20 You'll hear from more investors who also relied on the defendant's
21 misrepresentations and purchased FLiK tokens on these two
22 exchanges.

23 We will show you how this cryptocurrency paid by
24 investors after the ICO also was converted into United States
25 dollars and transferred to that same Wells Fargo bank account in

1 the defendant's name. And you'll hear how the defendant used all
2 of that investor money from the ICO and after the ICO,
3 approximately \$2.2 Million, to support his lavish lifestyle,
4 including paying all cash for the house in Buckhead, the Ferrari,
5 the Tahoe and the diamonds, while the investors, who believed the
6 defendant's lies, were left with worthless FLiK tokens since
7 without a FLiK streaming platform to use the FLiK token on, who
8 would want to buy it?

9 I mentioned that there were two schemes. The second
10 scheme began around the end of 2017 and beginning of 2018. When
11 the defendant falsely claimed to be working hard on FLiK, you will
12 hear that he began to talk about creating his own cryptocurrency
13 exchange called CoinSpark. The defendant used the same old tricks
14 that he used in FLiK. He created a website and promoted an ICO
15 for CoinSpark. This time for sale in the ICO was a Spark coin,
16 which was another type of cryptocurrency created by the defendant
17 but designed specifically for use on the CoinSpark exchange.

18 The defendant represented in a white paper that he wrote
19 and published on the CoinSpark website that if investors bought
20 Spark coins during the ICO, they would be entitled to a dividend
21 or payout of 25 percent of the net profits that CoinSpark made
22 every three months.

23 You will see that as with FLiK, the defendant once more
24 built up anticipation on social media and cryptocurrency-focused
25 websites before the ICO was held. And once more, these posts were

1 filled with misrepresentations and omissions.

2 You will see the post by the defendant and by others at
3 the defendant's direction filled with misleading information on
4 the CoinSpark website and CoinSpark dedicated-investor message
5 boards claiming, among other things, that a world-renowned
6 accounting firm would audit CoinSpark's finances giving the
7 project a false air of legitimacy.

8 You will hear how the defendant made certain that his
9 name and face were not publicized with CoinSpark at all. You
10 will hear that part of the reason for that is because FLiK
11 investors had become loud and vocal on the Internet about the FLiK
12 scheme, and the defendant wanted to keep his involvement in
13 CoinSpark a secret.

14 You will also see an article that the defendant wrote
15 and published under a false name that spread information about the
16 supposed expertise and legitimacy of the unknown team running
17 Spark -- CoinSpark, even though the defendant knew exactly who was
18 running CoinSpark.

19 You will also hear that unlike with FLiK, in the
20 CoinSpark scheme the defendant put a layer between himself and the
21 investors. Specifically, the defendant recruited two men who he
22 had worked with at AVA Atlanta to regurgitate his representations
23 about CoinSpark to the public. Their names are Chance White and
24 Owen Smith. Neither had any real experience with the
25 cryptocurrency world. The defendant initially promised them that

1 they would have an almost equal stake in CoinSpark in return for
2 their work for him. You will hear from Mr. White and Mr. Smith
3 that neither ever saw a single penny from the CoinSpark ICO or
4 from anything related to CoinSpark.

5 The defendant conducted the ICO from February 14th,
6 2018, to March 14th, 2018, and raised more than \$100,000 from
7 investors. You will hear that after the ICO ended and after the
8 defendant had taken investor cryptocurrency, the defendant then
9 backtracked on the major thing that had attracted investors, he
10 rescinded the offer of the quarterly dividend.

11 And same song, second verse, the evidence will show how
12 the cryptocurrency that investors sent to the CoinSpark account to
13 buy Spark coins ultimately was converted to US dollars and
14 transferred into the defendant's Wells Fargo account. And the
15 investors, again, were left with nothing but worthless
16 cryptocurrency since without the fully-operational CoinSpark
17 exchange, there was nowhere really to use the Spark coin.

18 Now we've talked about the subject matter in this trial
19 and the evidence that we will put forth. The last thing I want to
20 discuss with you are the charges in this case.

21 The defendant was charged with multiple counts of wire
22 fraud, multiple counts of money laundering and one count of
23 securities fraud as to the FLiK scheme.

24 The defendant also was charged with several counts of
25 wire fraud, several counts of money laundering and one count of

1 securities fraud as to the CoinSpark scheme.

2 At the end of all the evidence Judge Boulee will
3 instruct you on what exactly that means. But for now, in order to
4 help you understand all the evidence there are a few things I want
5 to tell you about these charges.

6 First, wire fraud is using interstate or foreign wire
7 communications to carry out the scheme to defraud someone else.

8 Money laundering is engaging in a transaction involving
9 more than \$10,000 that was obtained through wire fraud, knowing
10 that the money was from some criminal activity.

11 Securities fraud is making an untrue material statement
12 or omitting a material fact to defraud someone in connection with
13 a purchase and sale of a security.

14 Each of the counts in the indictment arises from a
15 different date of a wire transmission by an investor to purchase a
16 FLiK token or Spark coin or from a transaction by the defendant to
17 transfer funds derived from these wires, and you will hear about
18 that over the course of the trial.

19 Members of the jury, at the conclusion of the evidence
20 we will return to this spot and ask you to return the only verdict
21 that the evidence supports, and that's a verdict of guilty as to
22 all counts of the indictment.

23 Thank you for your attention.

24 THE COURT: Go ahead.

25 MR. LOWTHER: Good afternoon, ladies and gentlemen.

1 Again, my name is Joshua Lowther, along with Katryna Spearman. We
2 represent Mr. Felton.

3 As the state pointed out, Mr. Felton starts in this case
4 with multiple counts of wire fraud, securities wire fraud and
5 money laundering.

6 Although the judge will give you the law at the end of
7 the case -- and, of course, only what he says about the law is
8 what you're to listen to, what you're to use -- fraud is
9 essentially obtaining money or property from someone because of a
10 lie.

11 If it's an electronic transaction, it's wire fraud. If
12 it involves a security, it's securities fraud.

13 Money laundering is simply spending those unlawful
14 proceeds in some financial transaction over \$10,000. That's the
15 long and short of what the charges are.

16 The government has a burden in this case to prove beyond
17 a reasonable doubt each and every element of each and every one of
18 those offenses before you're authorized to find Mr. Felton guilty
19 of any of them.

20 What the evidence will show in this case is that he had
21 no intent to defraud. And the intent to defraud is one common
22 element of wire fraud and securities fraud.

23 I ask you to please keep an open mind throughout the
24 government's presentation. Listen to the testimony closely. Look
25 at the exhibits as they're presented. And, again, at the end of

1 the case, we'll come back, both parties will give you a summation,
2 tell you what we think that the evidence shows. And I'll ask you
3 find Mr. Felton not guilty on all those charges. Thank you.

4 THE COURT: Mr. Kitchens or Ms. Sneed, if you would like
5 to call your first witness, please.

6 MR. KITCHENS: Yes, your Honor. The government calls
7 Special Agent Joseph Stites.

8 COURTROOM DEPUTY CLERK: Mr. Stites, remain standing and
9 raise your right hand.

10

11

JOSEPH STITES

12

a witness herein, being first duly sworn,

13

was examined and testified as follows:

14

15

THE COURT: Good afternoon, sir.

16

POTENTIAL JUROR: Good afternoon.

17

DIRECT EXAMINATION

18

BY MR. KITCHENS:

19

Q. Good afternoon, Agent Stites. Would you please tell us where
20 you work?

21

A. Federal Bureau of Investigation.

22

Q. What is your title?

23

A. A special agent.

24

Q. What office of the FBI do you work?

25

A. I'm currently working out of headquarters unit that's located

1 in Atlanta. But during this investigation I worked out of the
2 Atlanta field office.

3 **Q.** What was the squad that you worked with at the Atlanta field
4 office at the time of this investigation?

5 **A.** The squad that I was working on is the complex financial
6 crimes squad.

7 **Q.** What were the types of investigations you did with that squad?

8 **A.** Primarily bank frauds, investment fraud, corporate and
9 securities fraud investigations.

10 **Q.** How long have you been with the FBI?

11 **A.** Just about 18 years.

12 **Q.** And how long were you with that complex fraud squad?

13 **A.** About 16-and-a-half years.

14 **Q.** As part of your work with that squad, did you become aware of
15 Ryan Felton?

16 **A.** Yes, I did.

17 **Q.** How did you become aware of him?

18 **A.** Our squad, we received a referral from the United States
19 Attorney's Office regarding a cryptocurrency investment fraud
20 scheme. And Mr. Felton was part of that referral.

21 **Q.** What was your specific role on that investigation?

22 **A.** I was the case agent on the investigation.

23 **Q.** As part of that investigation and your role as the case agent
24 for the investigation, can you tell us, did you obtain any
25 documents?

1 A. Yes.

2 Q. What were the types of documents that you obtained as part of
3 your investigation?

4 A. We subpoenaed records from banks, from cryptocurrency
5 exchanges, from retail stores, things like jewelry stores, from
6 car dealerships and also from some real estate investment closing
7 firms.

8 Q. I'll break each of those up a little bit. You mentioned one
9 of those groups that you obtained records from were cryptocurrency
10 exchanges?

11 A. Yes.

12 Q. What is a cryptocurrency exchange?

13 A. A cryptocurrency exchange is a trading platform similar to
14 what a brokerage platform would be for trading stock.
15 Cryptocurrency exchange is a place where an individual can go out,
16 set up an account, link a regular bank account to it and be able
17 to transfer their US dollars or any currency up to that exchange
18 so that they can purchase cryptocurrency and trade cryptocurrency.

19 Q. I'm going to show you what's been marked for identification as
20 Government Exhibit 1.

21 MR. KITCHENS: Your Honor, may I approach?

22 THE COURT: Sure. And everybody can feel free to move
23 about the courtroom as they'd like for this trial.

24 MR. KITCHENS: Thank you, your Honor.

25 BY MR. KITCHENS:

1 Q. Agent Stites, do you recognize this exhibit?

2 A. Yes, I do.

3 Q. What is it?

4 A. This is the subpoena response that we received from Bittrix,
5 which is a cryptocurrency exchange.

6 MR. KITCHENS: The government offers Government
7 Exhibit 1.

8 MR. LOWTHER: No objection, your Honor.

9 THE COURT: It's admitted.

10 MR. KITCHENS: Ms. Etienne, can we pull this record up,
11 Government Exhibit 1. Thank you.

12 It's a little blurry. Is there a way to just focus on
13 the text a little bit.

14 BY MR. KITCHENS:

15 Q. What is this record that we are looking at on the first page?

16 A. The very first page is the business record certification form.

17 Q. What is a business record certification?

18 A. It basically -- whenever we subpoena records from a business,
19 or in this case this cryptocurrency exchange, the individual
20 responsible for providing the response will complete this business
21 record certification form to certify that the records they're
22 responding to in the subpoena are their certified business
23 records.

24 And in this case, the chief compliance officer of Bittrix,
25 John Roth, responded with the business record certification.

1 Q. And were there business record certifications that were
2 prepared by custodians for each of the records we're going to talk
3 about this afternoon?

4 A. Yes.

5 Q. Just in general, what were the types of records that Bittrex
6 provided to you in your investigation?

7 A. Initially you get the account opening documents. So very
8 similar if you were to open up a bank account, they want --
9 Bittrex would have required identification documents, your
10 identifiers, your dates of birth, social, address, phone, e-mail,
11 driver's license, a photo of yourself. But all the stuff that
12 they can verify that they're actually dealing with an individual,
13 and they can do some checks to make sure that the individual is
14 legit.

15 MR. KITCHENS: Ms. Etienne, can we pull up page three of
16 this document.

17 Q. Agent Stites, what was this in Bittrex's records?

18 A. This is a photograph of the account owner, which is
19 Mr. Felton, that Mr. Felton would have provided to Bittrex as
20 part of the account opening.

21 Q. Do the cryptocurrency exchanges request information like this
22 as part of their know-your-customer obligations?

23 A. That's correct.

24 Q. If we look at page five of this document, what was this?

25 A. This is a Georgia driver's license for Mr. Felton that was

1 submitted to Bittrex as part of the account opening.

2 **Q.** Would this have been information provided by the
3 accountholder?

4 **A.** Yes.

5 **Q.** And if we just look at the next page of Exhibit 1.

6 MR. KITCHENS: That's page six. Thank you, Ms. Etienne.
7 If we just look at kind of the top half of this document. That's
8 perfect.

9 **Q.** What was the e-mail address associated with this Bittrex
10 account?

11 **A.** The e-mail was ryan@avaatlanta.com.

12 **Q.** And what was the date that the Bittrex account for Mr. Felton
13 was created?

14 **A.** The account was created on August 17th, 2017.

15 MR. KITCHENS: Lastly, Ms. Etienne, would you please
16 show us page 17 of Exhibit 1. Thank you.

17 **Q.** Agent Stites, what was in the back part of the Bittrex
18 records?

19 **A.** This was a file that Bittrex provided, which is really like a
20 transaction history. It's a comma-delimited file showing
21 deposits, withdrawals, the current balances, an order history
22 and -- as well as IP information for the account. So sort of a
23 complete listing of all the transactions and the activity in the
24 account for Mr. Felton.

25 **Q.** And were these generally cryptocurrency transactions within

1 the Bittrex account?

2 **A.** Correct.

3 MR. KITCHENS: We can take this down.

4 **Q.** Did you also obtain records from another cryptocurrency
5 exchange as part of your investigation?

6 **A.** I did.

7 **Q.** I'm going to show you what's been marked as Government
8 Exhibit 3 and Government Exhibit 4.

9 Do you recognize what those documents are?

10 **A.** I do.

11 **Q.** What are they?

12 **A.** Exhibit 3 to start is the business records we received
13 pursuant to the subpoena to Gemini Trust Company, LLC, which is
14 another cryptocurrency exchange.

15 **Q.** What about Exhibit 4?

16 **A.** Exhibit 4, this is a listing of all of the transaction detail
17 that was associated with the Bittrex -- or the Gemini account.

18 MR. KITCHENS: We offer for admission Government
19 Exhibit 3 and 4.

20 MR. LOWTHER: No objection.

21 THE COURT: They're admitted.

22 MR. KITCHENS: If we can bring up Exhibit 3 first
23 please, Ms. Etienne.

24 BY MR. KITCHENS:

25 **Q.** And this, again, is this another business record

1 certification?

2 **A.** Yes.

3 **Q.** What types of documents were produced by Gemini?

4 **A.** Same sort of documents. The account opening documentation,
5 which is all the know-your-customer information, the photographs,
6 the driver's license, all the identifiers, e-mails, telephones.

7 MR. KITCHENS: Can we please go to page 2 of Exhibit 3.
8 If we blow up just the very top. That's a little better. Is
9 there a way to focus maybe -- I know the type is so small. Is
10 there a way to focus just kind of on that first section,
11 Ms. Etienne? Great. Okay.

12 BY MR. KITCHENS:

13 **Q.** What was the account name?

14 **A.** The account name was ryan@avaatlanta.com's account.

15 **Q.** Is that that same e-mail address that we saw associated with
16 the Bittrex account?

17 **A.** Yes.

18 MR. KITCHENS: And then, Ms. Etienne, if we look at the
19 top but kind of on the right side of the screen, if we can bring
20 that up. Perfect.

21 **Q.** What was the full name associated with the account?

22 **A.** Ryan Felton.

23 **Q.** And what was the sign-up date?

24 **A.** July 11th, 2017.

25 MR. KITCHENS: Okay. We can take this down,

1 Ms. Etienne.

2 Let's look at page 8 of Exhibit 3. If we can blow that
3 part up. Okay. Perfect.

4 **Q.** What information was provided by Gemini for this particular
5 account?

6 **A.** This is the bank account that would be linked to this exchange
7 account. So this is the Wells Fargo -- showing a Wells Fargo
8 account in the name of Ryan Felton. The last digits are 3037 on
9 the account. But this is an account that you could transfer money
10 from your Wells Fargo account up to the currency exchange and use
11 it for trading, or when if you want to cash out your
12 cryptocurrency, you can withdraw and deposit back into this
13 account. So they allow you to set up these accounts and link them
14 to the exchange.

15 MR. KITCHENS: Ms. Etienne, can we look at page 9 of
16 Exhibit 3. Just at the bottom, if we can blow that up, please.

17 **Q.** And is that, again, the driver's license provided by the
18 accountholder?

19 **A.** Yes.

20 MR. KITCHENS: We can take that down. I'm going to look
21 at Exhibit 4. I know it's a little unwieldy.

22 Ms. Oduka, can we try to use the Elmo?

23 **Q.** I'm obviously not going to show you the whole thing.

24 When we're looking at Exhibit 4, what type of information was
25 provided by Gemini?

1 **A.** This is the complete transaction history on this account at --
2 on Mr. Felton's account at Gemini. And it's going to show
3 deposits, the transfers from like the Wells Fargo account into the
4 Gemini account, the purchases of different cryptocurrency, the
5 buys and the sales. And showing kind of what the amount is, the
6 conversion, the balance in the account, the trading fees. Yeah.
7 And just kind of showing the different balances of the different
8 types of cryptocurrencies that are purchased.

9 **Q.** So did it show for any given time the amount of Bitcoin, the
10 amount of ether in the account?

11 **A.** Yes.

12 **Q.** Did it also provide the dates of these transactions?

13 **A.** Yes, it did. Dates and times.

14 **Q.** And for certain transactions, did it show transaction hashes?

15 **A.** Yes.

16 **Q.** And then also did it show the numbers for a withdrawal
17 destination?

18 **A.** Yes.

19 **Q.** And is that a cryptocurrency address?

20 **A.** Yes.

21 MR. KITCHENS: Thank you, Ms. Oduka.

22 **Q.** You also mentioned in addition to cryptocurrency exchange
23 records you also obtained records from banks?

24 **A.** Yes.

25 **Q.** And whose financial records did you obtain?

1 **A.** Mr. Felton's.

2 **Q.** I'm going to show you what's been marked as Government's
3 Exhibit 5 and Exhibits 5-A through 5-J.

4 Okay. First I'm going to start with the disk that I gave you.
5 Do you recognize that disk?

6 **A.** I do.

7 **Q.** What is contained on that disk?

8 **A.** This contains the full response from Wells Fargo for the
9 business records they provided pursuant to a subpoena.

10 **Q.** And how do you know that those records are on that disc?

11 **A.** I verified that the records that we received from the subpoena
12 were the same records that were put onto this disc.

13 **Q.** After you verified it, what did you do to indicate that it
14 contained those records?

15 **A.** I initialed it right there. And then I put the date, which
16 was today's date, 7/11 of 22 on the -- to certify that these are
17 the records that I reviewed.

18 **Q.** And the paper documents, switching briefly to that. What are
19 those paper documents labeled as Exhibits 5-A through 5-J?

20 **A.** These are excerpts from what was on this disc. So these same
21 records appear on the disc, but these are just excerpts of them,
22 specific documents that are labeled with different exhibit
23 numbers.

24 MR. KITCHENS: We offer for admission Exhibit 5 and
25 Exhibits 5-A through 5-J.

1 MR. LOWTHER: No objection.

2 THE COURT: They're admitted.

3 BY MR. KITCHENS:

4 Q. Based on your review of these Wells Fargo records, who was the
5 accountholder at issue for the account that you obtained?

6 A. A Ryan Felton.

7 Q. Let's look at one of those excerpts, one of the paper
8 documents you have.

9 MR. KITCHENS: Ms. Etienne, can we bring up Exhibit 5-A.

10 Q. And who was the customer listed for this particular account?

11 A. The customer is Ryan Felton.

12 MR. KITCHENS: And if we go to -- can we please go to
13 the second page of this document, Ms. Etienne. All right.

14 Q. Did that provide his personal information and signature?

15 A. Yes.

16 Q. What was the account number --

17 MR. KITCHENS: We can take this down.

18 Q. What was the account number for this particular account?

19 A. The account number is 295775 --

20 Q. I should say, I'm sorry, Agent Stites, just the four last
21 digits?

22 A. Last four are 3037.

23 Q. Is that that same Wells Fargo account we saw that was linked
24 to the Gemini account?

25 A. Yes, it is.

1 Q. What types of bank records were provided by Wells Fargo in
2 your investigation?

3 A. Bank records include the account opening documentation,
4 signature cards, bank statements, deposit slips, checks,
5 withdrawal tickets, wire information, all the transactional
6 information that occurred in the account for the time period that
7 we specified in the subpoena we received.

8 Q. And after you received those bank records, did you look at
9 some of the purchases made by Mr. Felton during this time period?

10 A. Yes.

11 Q. And what were some of those purchases that you saw?

12 A. We saw the Ferrari. A residence, purchasing a house,
13 purchasing a Chevy Tahoe. And then some jewelry purchases.

14 Q. Did you obtain records regarding those purchases?

15 A. Yes.

16 Q. Let's talk specifically about that, the Chevy Tahoe you
17 mentioned. What records did you obtain for that?

18 A. We subpoenaed the dealership where the Chevy Tahoe was
19 purchased. And we received all the purchasing documents that --
20 all the different forms and -- that you would fill out when you
21 purchase a vehicle. We received all of those documents related to
22 Mr. Felton's purchase of the Tahoe.

23 Q. I'm going to show you what's been marked as Government
24 Exhibit 2.

25 Do you recognize what that is?

1 **A.** Yes.

2 **Q.** What is it?

3 **A.** This is the subpoena response that we received from Carl Black
4 Chevrolet Buick GMC, Inc. These is the documents we received
5 pursuant to the subpoena we served. And the first page is the
6 business record certification from the compliance officer there
7 who responded to the subpoena.

8 MR. KITCHENS: We offer for admission Government
9 Exhibit 2.

10 MR. LOWTHER: No objection, your Honor.

11 THE COURT: Admitted.

12 MR. KITCHENS: All right. Ms. Etienne, thank you.

13 Let's look at -- can we please bring up page 13 of
14 Exhibit 2.

15 **Q.** What was this document provided by Carl Black Chevrolet.

16 **A.** I'll just move into the document so I can see a little
17 clearer.

18 This is the retail purchase agreement between the dealership
19 and Mr. Felton.

20 **Q.** Looking at the top, who was the purchaser?

21 **A.** Purchaser is Ryan Felton.

22 **Q.** What was the home address listed?

23 **A.** 75 Abington Court, Atlanta, Georgia 30327.

24 **Q.** Looking towards the right side at the top, what was the date
25 of the purchase for this vehicle?

1 A. It was 10/31 of 2017.

2 Q. Now let's look a little bit of this chart down below. What
3 was the car that was purchased?

4 A. The vehicle was a 2017 Chevy Tahoe. It black in color. And
5 it had 250 miles on it, so it was brand new.

6 Q. A new vehicle?

7 A. Brand new, yes.

8 Q. And then on the right side -- I'm not going to make you go
9 line by line, but what is being calculated on the right side of
10 this chart?

11 A. MSRP, plus or minus, you know, fees and costs and taxes. And
12 ultimately the total price was \$58,250.

13 MR. KITCHENS: Can we please bring up page three of this
14 document.

15 Q. What are we looking at on page three?

16 A. This is a cashier's check payable to Carl Black Kennesaw. And
17 the -- this is a Wells Fargo check that was an official check to
18 Carl Black Kennesaw. And it was the check that was presented to
19 the dealership to pay for the vehicle.

20 Q. And the date of it?

21 A. October 31st, 2017.

22 Q. And the amount of the check, the 58,250, was that the total
23 amount due for that car?

24 A. Yes. That was on the retail agreement that we just looked at,
25 same amount.

1 Q. So was this car paid entirely with cash?

2 A. Yes.

3 MR. KITCHENS: No further questions at this time, your
4 Honor.

5 THE COURT: Any cross?

6 MR. LOWTHER: No questions, your Honor.

7 THE COURT: Sir, you can step down.

8 (Witness excused)

9 THE COURT: How long do you anticipate your next witness
10 will last?

11 MR. KITCHENS: Excuse me, your Honor?

12 THE COURT: How long will your next witness be?

13 MR. KITCHENS: Maybe about half an hour, your Honor, or
14 so.

15 THE COURT: Okay. We're going to take another short
16 break before this next witness. I think we've been going about an
17 hour and a half or so, maybe a little longer.

18 You're reminded of all of your instructions for breaks.
19 But the real core of those instructions are to please not talk
20 with anyone, including yourselves, about this case in any way.
21 And not to do any research about this case in any way.

22 Our court security officer will escort you to the jury
23 room. And if we can all just be ready to go in about ten minutes,
24 please. Thank you.

25 (The jury exited the courtroom)

1 THE COURT: Y'all can have your seats. Thank you.

2 Counsel, anything we need to discuss before the next

3 witness?

4 MR. LOWTHER: No, your Honor.

5 MR. KITCHENS: I don't think so at this time. I

6 think --

7 THE COURT: See y'all in ten minutes.

8 (After a recess, the proceedings continued as follows:)

9 (Court Announced)

10 THE COURT: Folks, are we ready to bring out the jury?

11 MR. KITCHENS: Just to give your Honor just a little
12 view of the schedule, we have, we think, two more witnesses that
13 we have prepared to testify today. So, again, I think the first
14 witness will probably be half an hour or so. The second witness
15 will be a little bit longer than that.

16 THE COURT: Who are the two witnesses?

17 MR. KITCHENS: It is Russell Castillo and Carlos
18 Martinez. So they will be the two witnesses.

19 One other just update on that. We have spoken with --
20 I've been trying to, again, figure out travel plans with one of
21 the other international witnesses. He also -- starting for the
22 weekend, we've been trying to figure out work-arounds. It seems
23 he is likely to be unavailable to travel until -- you know, not in
24 enough time to be here before the completion of the trial as we're
25 currently scheduled. So, again, that would be the witness with

1 the initials DB. So we anticipate, barring some very sudden
2 change, that we would --

3 THE COURT: Is that the first or second witness with the
4 DB initials I have on my list?

5 MR. KITCHENS: David Brown. So it's DB. And it's the
6 one that's listed in Counts 4, 5 and 12. So we anticipate that --
7 just like we did with the witness with the initials BP, we
8 anticipate we'll be dismissing those relevant counts as well.
9 We've discussed it with the defense.

10 We, obviously, will let you know if anything unexpected
11 happens. That's all to say, again, I think we're moving well
12 ahead of schedule I think at this point, given how things are
13 shaping up.

14 THE COURT: Okay. Very well. Thank you for the update.
15 Please bring out the jury. Thank you.

16 (The jury entered the courtroom)

17 THE COURT: Y'all can have your seats.

18 Basically when everybody is standing up in here, it's
19 actually for you. So you can just come on in and sit down
20 whenever you're marching in and out.

21 (Off-the-record discussion)

22 THE COURT: If the United States wants to call its next
23 witness.

24 MS. SNEED: Yes, your Honor. The government calls
25 Russell Castillo.

1 COURTROOM DEPUTY CLERK: Mr. Castillo, if you will raise
2 your right hand.

3

4

RUSSELL CASTILLO

5

a witness herein, being first duly sworn,

6

was examined and testified as follows:

7

8

COURTROOM DEPUTY CLERK: Thank you. You can be seated.

9

DIRECT EXAMINATION

10 BY MS. SNEED:

11 Q. Please state and spell your name, sir.

12 A. Russell Castillo.

13 Q. Spell the last name, please.

14 A. C-A-S-T-I-L-L-O.

15 Q. Are you currently employed as a federal contractor?

16 A. Yes.

17 Q. What is your title?

18 A. Data analyst.

19 Q. Do you have any other duties?

20 A. A web capture analyst. I'm the head of the web capture team.

21 Q. Can you explain to the jury what that means, a web capture
22 team?

23 A. I capture websites, video, audio and various social media
24 platform data that's on the Internet.

25 Q. And by capture, what do you mean?

1 A. Either I take an HTML capture of a full website or take
2 screenshots or images of particular parts of a website.

3 Q. How long have you been doing that?

4 A. Nine-and-a-half years.

5 Q. And could you please describe for the jury the process by
6 which you and your team capture websites?

7 A. When capturing websites, we work on a ticketing system. On my
8 agency's database we assign the ticket and begin processing them.
9 The requests come in from point of contact. And then we complete
10 the request, send it back to them.

11 Q. And usually what sort of information is on the ticket as far
12 as web capturing?

13 A. The website URLs, any information in terms of what needs to be
14 captured for casework.

15 Q. And website URL means what exactly? Is it the website
16 address?

17 A. Yes. The website address that you would put in the search
18 bar.

19 Q. Do you use a specific computer to perform these duties?

20 A. Yes. When capturing data, we -- doing website captures we do
21 it on something called the unanimous browser. It's a computer
22 that doesn't track it back to basically our agency, so it's
23 anonymous.

24 Q. And do you use particular tools in order to do this, or
25 program?

1 **A.** Yes. We use various tools depending on the requests.

2 **Q.** And do the tools depend on the particular website that you may
3 be trying to capture?

4 **A.** Yes.

5 **Q.** And once you have completed the ticket, what do you do?

6 **A.** After completing the ticket, I complete a declaration and send
7 it back to the requester.

8 **Q.** And what sort of information does the declaration usually
9 contain?

10 **A.** The declaration will have the website URLs, the investigation
11 number, the analyst that completed it, the date it was captured
12 and the tools that were used.

13 **Q.** Were you asked to conduct web captures and video captures as
14 part of investigation NY-Z9959?

15 **A.** Yes.

16 **Q.** I'm going to show you some documents now, Mr. Castillo.

17 I placed before you what's been marked as Government
18 Exhibits 6, 7, 8, 9, 10, 12, 13, 15, 18, 20 and 62. Do you
19 recognize those documents, sir?

20 **A.** Yes.

21 **Q.** And, in general, what are those documents?

22 **A.** Various requests that I was given to have to capture, whether
23 it be from the Wayback Machine, looks like ryanfelton.com.
24 Wayback Machine, ryanfelton.com and -- yep, that's it from what I
25 see.

1 Q. What is the date range for those web captures?

2 A. Date range? November 18 to -- November 18 to 21st, 2018.

3 Q. You said November 2018 to what was that --

4 A. No. November 18 to 21st, 2018.

5 Q. Got it. Thank you, sir.

6 MS. SNEED: Your Honor, I move to admit Exhibits 6, 7,
7 8, 9, 10, 12, 13, 15, 18, 20 and 62.

8 MR. LOWTHER: No objection.

9 THE COURT: They're admitted.

10 MS. SNEED: Ms. Oduka, if I could have the Elmo, please.
11 Thank you.

12 BY MS. SNEED:

13 Q. Mr. Castillo, you mentioned the word Wayback Machine. What is
14 that?

15 A. It's an Internet archive that's publicly available on the
16 Internet. It's basically screenshots of how websites look at a
17 particular date and time.

18 MS. SNEED: And I will put on the screen for the jury to
19 see as an example Exhibit 6.

20 Q. Sir, what is that black box with yellow letters and numbers at
21 the top of page 3 of Exhibit 6?

22 A. It's the date the screenshots were taken on the Wayback
23 Machine.

24 Q. And when you say the date the screenshots were taken on the
25 Wayback Machine, what do you mean by that?

1 A. This is how the website would have looked on August 22nd,
2 2017.

3 Q. And so when you went in to take your own screenshot, what were
4 the steps that you took in order to use the Wayback Machine?

5 A. Looks like I just took a screenshot, pasted it into Adobe
6 Acrobat.

7 Q. So is there a particular website that you go to in order to
8 use the Wayback Machine?

9 A. You just go to archive.org, type -- in this case you would
10 have typed the FLiK.io. And then these are probably the dates I
11 was given to capture in particular. And all these dates would
12 have been listed.

13 Q. So at the top, where are you seeing the website address for
14 this -- for Exhibit 6?

15 A. Right on the search bar, next to where it says "Wayback
16 Machine," to the right. That's the website.

17 Q. And when you take a web capture of a particular website, do
18 you take a capture of the entire website or just portions or how
19 does that work?

20 A. It depends on what they put on the ticket, if it's just a
21 single page capture or the full website. It depends.

22 Q. Can you tell from Exhibit 6 what type of capture it was?

23 A. Looks like it might be a -- appears it's a full capture since
24 it's the homepage of the website. If it was a single capture,
25 there would be some more information or more letters, backslash to

1 the right of www.theflik.io. You can tell that would be a single
2 page capture, but this appears to be the full website.

3 Q. So turning to page 4 of Exhibit 6 -- and it's on the screen in
4 front of you, too, sir.

5 A. Okay.

6 Q. So is that another part of the FLiK.io website?

7 A. Yes.

8 Q. Still on page four of Exhibit 6, see to the right there there
9 looks to be a scroll-down bar?

10 A. Yes.

11 Q. What does that mean? Are you scrolling down and taking a
12 shot, or how does that work using the Wayback Machine?

13 A. I believe for this capture I have to physically scroll down
14 and take the screenshots for each segment of the page.

15 Q. And that's why we see the scroll bar to the right?

16 A. Yep.

17 Q. Just to show the jury another example of the Wayback Machine
18 screenshots, I'll turn to Exhibit 7, page 3. And what is the web
19 address for Exhibit 7 that you took a screen capture of?

20 A. It is the FLiK.io whitepaper.

21 Q. And what does the fact that whitepaper is now added to the
22 FLiK.io address mean for those who may not know?

23 A. It's just a single-page capture of that particular web page
24 within the FLiK.io.

25 Q. And what is the date at the top in that black box?

1 **A.** It is September 3rd, 2017.

2 **Q.** So when you're using the Wayback Machine, do you have to
3 insert what date you want to take a screen capture of of a
4 particular website?

5 **A.** No, you do not. You could actually -- for each web page
6 there's a certain amount of captures. Like on this one you can
7 see it says 17 different versions right under the bar, like over
8 here.

9 MS. SNEED: In the upper right side of page 3, I
10 believe, of Exhibit 7 for the record.

11 **Q.** Why do you choose which screen capture of those 17 to take?

12 **A.** The requester asks for a particular date. Sometimes they
13 might ask for all of them.

14 **Q.** All of the potential captures in the Wayback Machine for a
15 specific website, is that right?

16 **A.** Yes.

17 **Q.** And looking at page 4 of Exhibit 7, what does that dark
18 screen with just the little symbol for the play button mean?

19 **A.** It means that there's a video on that page.

20 **Q.** So when you use the Wayback Machine, are you able to also
21 capture the video?

22 **A.** Sometimes videos don't work on the Wayback Machine.

23 **Q.** And what sort of tool did you use to actually take this web
24 capture?

25 **A.** Just Adobe Acrobat.

1 Q. Does Adobe Acrobat give you the ability to look at video?

2 A. No.

3 Q. Sir, I'm going to show you another group of documents. I have
4 placed before you what's been marked as Government Exhibits 11,
5 14, 16, 27 and 31. Do you recognize these documents?

6 A. Yes.

7 Q. What are they?

8 A. They appear to be Twitter captures, I believe, all of them.
9 Yes, Twitter captures.

10 Q. And those are captures of the website, Twitter, that you did?

11 A. Yes. The social media platform, Twitter.

12 MS. SNEED: And, your Honor, I would move to admit
13 Exhibits 11, 14, 16, 27 and 31.

14 MR. LOWTHER: No objection.

15 THE COURT: They're admitted.

16 BY MS. SNEED:

17 Q. And just to show the jury an example of what this looks like,
18 I've placed on the screen before you page 2 of Exhibit 11. What
19 is that showing us?

20 A. This is a Tweet from the music artist TI. This is his Twitter
21 account.

22 THE COURT: Ms. Sneed, let me interrupt you for a
23 moment. I want to make sure I got that last -- you said 11, 14,
24 16, 27 and what was the last one?

25 MS. SNEED: 31, your Honor.

1 THE COURT: Thank you.

2 BY MS. SNEED:

3 Q. And, Mr. Castillo, did you use the Wayback Machine to take a
4 screenshot of Exhibit 11?

5 A. No. These were live on Twitter at the time of capture.

6 Q. So in general what were the dates that you took the
7 screenshots of Exhibits 11, 14, 16, 27 and 31?

8 A. For Exhibit 11, it was on October 12th, 2018. For Exhibit 14,
9 it was November 15th, 2018. For Exhibit 16, it was November 15,
10 2018. For Exhibit 27, it was February 28th, 2019. For
11 Exhibit 31, it was October 12th, 2018.

12 Q. So turning back to Exhibit 11, the date you took the
13 screenshot was on October 12th, 2018, as you testified. So this
14 is how this Twitter account looked on that exact date, is that
15 right?

16 A. Yes.

17 Q. And can you tell whose Twitter account this is?

18 A. Yes.

19 Q. Whose is it?

20 A. The music artist TI.

21 Q. And what tool did you use?

22 A. I used Adobe Acrobat Pro.

23 Q. And the Adobe Acrobat tool takes just a static picture, no
24 moving parts, correct?

25 A. Yes.

1 Q. Sir, I've placed before you a document marked as Government
2 Exhibit 17. Do you recognize that document?

3 A. Yes.

4 Q. What is it?

5 A. It's website captures of Instagram, the social media platform,
6 Instagram.

7 Q. That you did?

8 A. Yes.

9 Q. And what date did you do it?

10 A. This was done on March 5th, 2019.

11 MS. SNEED: Your Honor, I move to admit Government
12 Exhibit 17.

13 MR. LOWTHER: No objection.

14 THE COURT: It's admitted.

15 BY MS. SNEED:

16 Q. And what tool did you use to take this web capture?

17 A. Adobe Acrobat Pro and HyperCam 3.

18 Q. What are those tools? I don't think we've discussed those
19 yet.

20 A. We did for Adobe. But for HyperCam it's for capturing videos
21 in realtime.

22 Q. And I've placed on the Elmo page 3 of Exhibit 17. Can you
23 tell whose account that is on Instagram?

24 A. It's Jennifer Felton's Instagram account.

25 Q. And what are those little gray boxes at the top?

1 A. Are you referring to the ones above the search bar?

2 Q. Yes.

3 A. The different -- it's a different URL for each -- so this
4 would have been seven captures basically. So it's a different web
5 page.

6 Q. What date did you make the web capture in Exhibit 17?

7 A. December 26th, 2017.

8 Q. And just like with Twitter, this is how it looked on the day
9 that you actually took the screenshot?

10 A. Yes.

11 Q. I've placed before you what's been marked as Government
12 Exhibit 21. Do you recognize that document?

13 A. Yes.

14 Q. What is it?

15 A. It is a full website capture of skyblockmediagroup.com.

16 Q. What date did you take that?

17 A. This was done on October 12th, 2018.

18 Q. And what tools did you use?

19 A. I used Offline Explorer.

20 Q. What is Offline Explorer?

21 A. It's a program that captures the website in the HTML format.
22 So you can view the website basically like it's a live website,
23 clicking the links, but it's an archived copy, basically.

24 MS. SNEED: Your Honor, I would move to admit
25 Exhibit 21.

1 MR. LOWTHER: No objection.

2 THE COURT: It's admitted.

3 BY MS. SNEED:

4 Q. To show the jury what that looks like, I've placed on the
5 screen page 2 of Exhibit 21. And I believe, Mr. Castillo, you
6 were saying it's an HTML format or -- how did you explain it?

7 A. Yes.

8 Q. And so that's why we can't see pictures?

9 A. Yes. This is basically how it would look if you just printed
10 it straight off the website.

11 Q. And I can't recall if I asked you, but what date did you take
12 this screenshot?

13 A. October 12th, 2018.

14 Q. And that's how it looked on that exact date, right?

15 A. Yes.

16 Q. I've placed before you now documents that have been marked as
17 Government Exhibits 24, 25, and 26. Do you recognize these
18 documents?

19 A. Yes.

20 Q. And what are they?

21 A. They are captures of CoinSpark.io, some of the sub-pages
22 within that website, and CoinSpark's Twitter account. And it
23 looks like one post from Alpha Point Live's Twitter account.

24 Q. And what date did you make these web captures?

25 A. February 28th, 2019.

1 Q. What tools did you use?

2 A. I used Full Page Screen Capture and Adobe Acrobat Pro.

3 MS. SNEED: Your Honor, I would move to admit Government
4 Exhibit 24, 25 and 26.

5 MR. LOWTHER: No objection.

6 THE COURT: They're admitted.

7 BY MS. SNEED:

8 Q. And I don't think we've discussed Full Page Screen Capture.
9 What does that mean?

10 A. It's an extension that's available on Google Chrome. It
11 basically just takes a single page capture of a particular
12 website. You basically have to do this page by page if you're
13 capturing a website. And it will actually scroll down from top to
14 bottom.

15 Q. So just to show the jury what that looks like, I've placed on
16 the screen -- or I will be placing on the screen page 2 of
17 Exhibit 26. Is that a full page screen capture?

18 A. Yes.

19 Q. And that -- what website was that from?

20 A. This is for the single page of the Spark token update and burn
21 schedule for CoinSpark.

22 Q. That was on the CoinSpark.io, correct?

23 A. Yes.

24 Q. I've placed before you what's been marked as Government
25 Exhibits 23 and -- I'm sorry, 22 and 23. Do you recognize those

1 documents?

2 **A.** Yes.

3 **Q.** And what are they?

4 **A.** These were captures on the social media platform, Telegram.

5 **Q.** How do you make screen captures or web captures on Telegram?

6 **A.** For Telegram you have to download the actual program. And you
7 can actually export the whole chat history straight from that
8 application.

9 **Q.** I'm holding in my hands two discs. One is marked as
10 Government Exhibit 22. And one is marked as Government
11 Exhibit 23. Do you recognize these?

12 **A.** Yes.

13 **Q.** And what do these discs -- what are the contents of these
14 discs?

15 **A.** Just chat histories from these four Telegram accounts. The
16 FLiK.io, FLiK.io, FLiK Entertainment and CoinSpark.

17 **Q.** And the contents of Government Exhibit 22 and Government
18 Exhibit 23 were pretty voluminous, is that right?

19 **A.** Yes. I believe it was like 400 pages on each PDF, it looked
20 like.

21 **Q.** And are these your initials on Government Exhibits 22 and 23
22 on the disc?

23 **A.** Yes.

24 **Q.** And that indicates that you viewed the contents of each of
25 these discs?

1 **A.** Yes.

2 MS. SNEED: Your Honor, I move to admit Government
3 Exhibits 22 and 23.

4 MR. LOWTHER: No objection.

5 THE COURT: They're admitted.

6 BY MS. SNEED:

7 **Q.** And the web captures of Government Exhibits 22 and 23, did
8 they look like how they looked when you did the screen captures?

9 **A.** Yes.

10 **Q.** I've placed before you a document marked Government
11 Exhibit 28. Do you recognize that?

12 **A.** Yes.

13 **Q.** What is it?

14 **A.** It is the capture of an article on medium.com by the user
15 taylorlormike498.

16 **Q.** And you made that web capture?

17 **A.** Yes.

18 **Q.** On what date?

19 **A.** April 10th, 2019.

20 **Q.** And what tools did you use?

21 **A.** I used Adobe Acrobat and Google Chrome.

22 MS. SNEED: Your Honor, I move to admit Exhibit 28.

23 MR. LOWTHER: No objection.

24 THE COURT: It's admitted.

25 BY MS. SNEED:

1 Q. And just to show the jury what this looks like, that website
2 at the bottom there, did you type that, or how did that get on the
3 page?

4 A. I think I added Google Chrome to the list of tools because
5 pretty much this was just print to PDF. And when you do that, the
6 URL sticks to the bottom pretty much for those kind of captures
7 along with the header on the top.

8 Q. And does Exhibit 28, it looked like that on the date that you
9 captured it?

10 A. Yes.

11 Q. Lastly I've placed before you what has been marked as
12 Government Exhibits 29 and 30. Do you recognize those documents?

13 A. Yes.

14 Q. What are they?

15 A. For Exhibit 29, it's -- it's "How to Raise Money for Your Film
16 Legally" web page from the ryanfelton.com.

17 Q. And Exhibit 30?

18 A. And this is cleaning the air page from the ryanfelton.com as
19 well.

20 Q. I'm sorry?

21 A. One second. Okay. "Clearing the Air" web page from the
22 ryanfelton.com.

23 Q. What dates did you make those web captures?

24 A. October 5th, 2018, and November 19th, 2018.

25 MS. SNEED: And the government would move to admit

1 Exhibits 29 and 30.

2 MR. LOWTHER: No objection.

3 THE COURT: They're admitted.

4 MS. SNEED: Your Honor, can I have a brief moment?

5 THE COURT: Sure.

6 (Pause in the proceedings)

7 MS. SNEED: Thank you for that brief delay, your Honor.

8 Those are all the questions I have for you, Mr.

9 Castillo.

10 THE WITNESS: Thank you.

11 THE COURT: Any cross?

12 MR. LOWTHER: No, your Honor.

13 THE COURT: Sir, you can step down. Thank you.

14 (Witness excused)

15 THE COURT: Please call your next witness.

16 MS. SNEED: Your Honor, the government calls Carlos

17 Martinez.

18 THE COURT: Good afternoon.

19 COURTROOM DEPUTY CLERK: Hello, Mr. Martinez. If you'll
20 remain standing and raise your right hand.

21

22

CARLOS MARTINEZ

23

a witness herein, being first duly sworn,

24

was examined and testified as follows:

25

1 COURTROOM DEPUTY CLERK: Thank you. You can be seated.

2 DIRECT EXAMINATION

3 BY MS. SNEED:

4 Q. Good afternoon, Mr. Martinez. How are you today, sir?

5 A. I'm doing okay. Thank you.

6 Q. Where do you live?

7 A. I live in Cumming, Georgia.

8 Q. Do you have a college degree?

9 A. Yes.

10 Q. What is your degree in?

11 A. It's a Bachelor of Science degree in business with a computer
12 technology systems concentration.

13 Q. What year did you graduate?

14 A. 2011.

15 Q. You are self-employed, correct?

16 A. Correct.

17 Q. What do you do?

18 A. I do cryptocurrency trading.

19 Q. And in general what does that mean, cryptocurrency trading?

20 A. Basically it's sort of like trading the stockmarket, but I
21 deal with the cryptocurrencies instead of stocks.

22 Q. How many trades do you average a day?

23 A. The -- less than one. I don't make trades every single day.

24 Q. Do you focus on any particular type of cryptocurrency?

25 A. I focus on several different types.

1 Q. How do you choose what cryptocurrency to buy?

2 A. I track their price action. And I -- I read up about the --
3 each one that interests me to see if they have a -- a good team
4 and a good active community and good roadmap. Yes.

5 Q. So you research the cryptocurrencies before you invest in
6 them, correct?

7 A. Yes. To the best of my ability, I do.

8 Q. How long have you been trading cryptocurrency?

9 A. A little over five years.

10 Q. How did you first become interested in cryptocurrency?

11 A. Well, I've been following the major cryptocurrencies, such as
12 Bitcoin and Litecoin and Dogecoin since the mid twenty-teens. But
13 it wasn't until 2017 that I really got interested because I saw a
14 lot of them were going up in value, and I figured, why not try to
15 get in and make some money?

16 Q. And have you heard of a FLiK token?

17 A. Yes.

18 Q. Did you at some point buy FLiK tokens?

19 A. Yes.

20 Q. What were FLiK tokens?

21 A. FLiK tokens were supposed to be a utility token for a media
22 platform.

23 Q. What period of time did you buy FLiK tokens?

24 A. Between October 2017 and January 2018.

25 Q. And we'll discuss your specific transactions in a bit, but

1 first I want to learn how you heard about FLiK.

2 So how did you first learn about FLiK tokens?

3 **A.** Well, at the time I -- I was browsing this website called
4 4Chan. Now, I don't take any serious advice from that site, but I
5 like to read their business section from time to time and see
6 what's trending on there. And anything that jumps out at me, I
7 then do further research on. I happened to see a couple of hype
8 posts regarding FLiK. And from there I sought out more
9 information.

10 **Q.** When was this?

11 **A.** This was October 2017.

12 **Q.** And did you eventually review a website related to FLiK?

13 **A.** Yes.

14 MS. SNEED: Ms. Etienne, if you could put on the screen
15 Government Exhibit 6, which has been previously admitted into
16 evidence. Scroll down, please, to the second page.

17 **Q.** Mr. Martinez, Exhibit 6 is on the screen before you.

18 MS. SNEED: And if we could scroll up to -- or at least
19 page -- there we go, Ms. Etienne. Thank you. And if you could
20 cull out the middle of the page there for me. Yes. Thank you. I
21 guess, actually, if you could cull out the web address,
22 Ms. Etienne. Sorry about that. Thank you.

23 **Q.** Mr. Martinez, is this the address that you went to to look at
24 the FLiK website?

25 **A.** That is an archived version of the website, but, yes, it is

1 the site I visited.

2 **Q.** If we just scroll down through Exhibit 6, I just want you to
3 let me know if that's how the website looked about the time you
4 saw it?

5 **A.** It looked a lot better than this because this is an archived
6 version that does not fully preserve the graphics and appearance
7 and formatting. But, yes, the text and the important stuff is all
8 there.

9 MS. SNEED: If we could stay right there. Or, actually,
10 go up one page please, Ms. Etienne. Right there. Thank you.

11 **Q.** Sir, directing your attention to page four of Exhibit 6, do
12 you see that picture of an individual there?

13 MS. SNEED: And, Ms. Etienne, if you could cull that
14 out. Yeah. There we go. Thank you.

15 **Q.** It says page 4 of Exhibit 6, FLiK was founded by Ryan Felton.
16 Had you heard of Ryan Felton before you discovered FLiK?

17 **A.** No, I hadn't.

18 **Q.** And did you read his bio on the FLiK website at the time that
19 you were looking at it?

20 **A.** Yes, I did.

21 **Q.** And what did you think about his bio, his background, as the
22 founder of this FLiK project?

23 **A.** Well, at the time I liked what I read. He sounded like a cool
24 guy.

25 **Q.** What do you mean you liked what you read?

1 **A.** Well, if he's wanting to start up a media platform, I thought
2 it was good that he -- that he already has experience in film and
3 film production and...

4 MS. SNEED: Ms. Etienne, if we could go to page five of
5 Exhibit 6.

6 **Q.** Mr. Martinez, do you see on the screen the picture where --
7 it's labeled TI owner?

8 **A.** Yes.

9 **Q.** Had you heard of TI at the time you were reviewing the FLiK
10 website?

11 **A.** Yes.

12 **Q.** And was it important to your decision to purchase FLiK tokens
13 that TI was identified as a co-owner of this project?

14 **A.** It was sort of important, yes. It gave me more confidence
15 because this is a music artist that is a -- that is a co-owner.
16 And that to me meant that he was actively involved in the business
17 and would hopefully want to see it succeed.

18 MS. SNEED: Ms. Etienne, if we could cull out the next
19 page. What is that? Page 6? Yes. Right there. Thank you.

20 **Q.** Page 6 of Exhibit 6, Mr. Martinez.

21 MS. SNEED: If you could cull out the picture in the bio
22 there, Ms. Etienne. Thank you.

23 **Q.** Mr. Martinez, do you see the picture of Tony Gallippi there
24 and it says, Advisory board?

25 **A.** Yes.

1 Q. Had you heard of Tony Gallippi before you saw this on the
2 website?

3 A. Yes.

4 Q. What did you know about Tony Gallippi?

5 A. I knew he was a co-founder of BitPay, which at the time was a
6 major crypto payment company that facilitates transactions between
7 cryptocurrencies and the -- and US dollars and other national
8 currencies.

9 Q. And was the fact that Tony Gallippi was listed as on the
10 advisory board important to your decision to buy FLiK tokens?

11 A. Yes.

12 Q. Did you plan to use the FLiK tokens or hold them as an
13 investment?

14 A. Both.

15 Q. Did you view the whitepaper on the FLiK website?

16 A. I did.

17 Q. Now, I believe you testified earlier that you bought your FLiK
18 tokens in October 2017, is that right?

19 A. Yes.

20 Q. The first time?

21 A. Yes.

22 Q. Was that after the FLiK ICO?

23 A. Yes.

24 Q. Or I should ask, had you heard there had been a FLiK ICO?

25 A. Yes. From reading the whitepaper, yes.

1 MS. SNEED: Ms. Etienne, if we could pull up Government
2 Exhibits 7, which has previously been admitted into evidence. If
3 you could scroll to page 3. I'm sorry, page 11.

4 Q. You testified that you remember looking at the whitepaper.
5 Does Exhibit 7 look about how it looked to you when you reviewed
6 it around the time you were thinking of buying FLiK tokens?

7 A. Yes. That is a portion of the whitepaper, yes.

8 Q. Do you want us to scroll up and down so you can see the whole
9 thing?

10 A. Sure.

11 Q. Sir, does that look like the whitepaper that you recall
12 seeing?

13 A. Yes.

14 MS. SNEED: If we could go to page 11 of Exhibit 7.

15 Q. Do you see that section, Mr. Martinez, that says "Use of
16 Funds"?

17 A. Yes.

18 Q. Do you recall reviewing that at the time that you were looking
19 at the whitepaper?

20 A. Yes.

21 Q. And it says that basically all of the funds raised in the ICO
22 would go towards the FLiK platform, is that right?

23 A. Yes.

24 Q. And was that representation in the whitepaper important to
25 your decision to invest?

1 A. Yes.

2 Q. Let's turn to a few of your specific transactions on three
3 specific dates.

4 A. Okay.

5 Q. Or actually on two specific dates but three transactions.

6 Did you buy FLiK tokens on or about October 10th, 2017?

7 A. Yes.

8 Q. What platform did you use?

9 A. It was a crypto exchange called CoinExchange.

10 Q. On October 10th, 2017, sir, was it CoinExchange that you
11 purchased FLiK tokens on?

12 A. Oh. I'm sorry. This is for my other transaction. This is
13 from EtherDelta.

14 Q. And what date was that, sir?

15 A. This was also on October 10, 2017.

16 Q. And I placed before you a document marked Government
17 Exhibit 43. Do you recognize that document?

18 A. Yes.

19 Q. What is that?

20 A. This is a trade that I made on the other exchange, EtherDelta.
21 I made a purchase of 10,669 FLiK tokens.

22 Q. And the actual document of Exhibit 43, is that a screenshot
23 of -- what is it?

24 A. That's a screenshot of my trade history related to FLiK tokens
25 on this crypto exchange.

1 Q. And that crypto exchange is EtherDelta?

2 A. Yes.

3 Q. Did you yourself take this screenshot?

4 A. Yes.

5 MS. SNEED: Your Honor, I would move to admit Government
6 Exhibit 43.

7 MR. LOWTHER: No objection.

8 THE COURT: It's admitted.

9 MS. SNEED: If you could cull out the -- I guess the
10 bottom portion. Yeah. Thank you.

11 BY MS. SNEED:

12 Q. And, Mr. Martinez, you testified earlier that you bought
13 10,669 FLiK tokens, correct?

14 A. Yes.

15 Q. On EtherDelta?

16 A. Yes.

17 Q. And what date was that again, sir?

18 A. October 10, 2017.

19 Q. And what form of cryptocurrency did you use to buy the FLiK
20 tokens?

21 A. For this transaction I used Ethereum.

22 Q. And could you point out to the jury where you see that on
23 Exhibit 43.

24 A. How -- can I just --

25 Q. Is it in the middle of the page under the word "Base"?

1 **A.** The total for 4.8, that's the number of Ethereum that I spent.

2 **Q.** I see. And the fact that you used Ethereum, is that reflected
3 under the word, "Base"?

4 **A.** Yes.

5 **Q.** Under the column "Base"?

6 **A.** Yes.

7 **Q.** And please explain to the jury the steps you took to purchase
8 these FLiK tokens on October 10th, 2017.

9 **A.** Okay. For this particular website I had to connect my
10 cryptocurrency wallet, the wallet basically being a place that I
11 hold cryptocurrencies. I connected the wallet to this website.
12 And then I had to deposit my Ethereum to EtherDelta. And then
13 from there I -- I used my Ethereum to buy an existing or -- sell
14 order that somebody had placed on the site, I bought -- I bought
15 an order from that site and -- to -- I'm sorry. I'm trying to
16 explain this.

17 **Q.** No problem, Mr. Martinez.

18 **A.** Yeah. So I -- I basically bought somebody else's existing
19 order of tokens on the site in the amount equal to the Ethereum
20 that I was able to spend. If that makes enough sense.

21 **Q.** Thank you, sir.

22 And Ethereum is another form of cryptocurrency, correct?

23 **A.** Yes. Correct.

24 **Q.** And I've placed before you what's been marked as Government
25 Exhibit 45. Did you buy FLiK tokens on or about November 7th,

1 2017?

2 **A.** Yes.

3 **Q.** And what platform did you use?

4 **A.** This is a CoinExchange.

5 **Q.** And Exhibit 45, what is that document?

6 **A.** This is a document that I put together summarizing all of my
7 transactions, purchases and sales of FLiK. These are crypto
8 denominated transactions.

9 **Q.** Where did you get this information from that you put on
10 Exhibit 45?

11 **A.** I gathered it -- I gathered it from my trade history on both
12 CoinExchange and EtherDelta. And then I -- I placed all of them
13 in an Excel spreadsheet.

14 **Q.** Did you go on to CoinExchange and look at your account and
15 then transfer that information to Exhibit 45?

16 **A.** Yes.

17 **Q.** And the same with I believe you said EtherDelta?

18 **A.** Yes.

19 **Q.** And that is what made up Exhibit 45?

20 **A.** Yes.

21 MS. SNEED: Your Honor, I would move to admit
22 Exhibit 45.

23 MR. LOWTHER: No objection, your Honor.

24 THE COURT: It's admitted.

25 BY MS. SNEED:

1 Q. And there were two transactions on November 7th, 2017,
2 reflected on Exhibit 45, correct?

3 A. Yes.

4 Q. And what is that first transaction?

5 A. First transaction --

6 Q. On November 7th, 2017.

7 A. Yes. There was a transaction dated at 12:47 p.m. I bought
8 5,054 FLiK tokens.

9 Q. And what cryptocurrency did you use to buy them?

10 A. Bitcoin.

11 Q. How many Bitcoins did it take to buy the FLiK tokens?

12 A. 0.04.

13 Q. And what was the second transaction that you made to buy FLiK
14 tokens on November 7th, 2017?

15 A. The second transaction, I bought 6,573 FLiK tokens.

16 Q. And what cryptocurrency did you use to buy those?

17 A. Bitcoin.

18 Q. And how many Bitcoin did it take to buy that many FLiK tokens?

19 A. 0.056. I had placed an order to spend .1 Bitcoin total, and
20 it was fulfilled in two transactions.

21 MS. SNEED: Ms. Etienne, if you could place on the
22 screen Government Exhibit 45. And to show the jury, if you could
23 cull out the dates November 7th, 2017, those two transactions.

24 Q. And that's what we were just discussing, is that right,
25 Mr. Martinez, on Exhibit 45?

1 A. Yes.

2 Q. I've placed before you, sir, what's been marked as Government
3 Exhibit 44. Do you recognize this document?

4 A. Yes.

5 Q. And what is this?

6 A. This is another spreadsheet that I generated. This is my FLiK
7 transactions in US dollars.

8 Q. And where did you get the information to put on Exhibit 44?

9 A. I took -- I took an estimate of what the Bitcoin or Ethereum,
10 whichever I used in each transaction, I took an estimate of what
11 those cryptocurrencies were worth on the day that I made those
12 transactions using sites such as CoinMarketCap.

13 Q. What is CoinMarketCap? Is that what you said?

14 A. Yes. CoinMarketCap is a site that tracks cryptocurrencies.
15 You can find -- find price history of -- price history and
16 websites for each major cryptocurrency.

17 Q. And this website lists the US dollar amount of the
18 cryptocurrencies at the time?

19 A. Yes. You can configure it to track prices in US dollars or
20 any other national currencies.

21 Q. And have you used this website to figure out the US dollar
22 amount of cryptocurrency before?

23 A. Yes.

24 Q. Many times before?

25 A. Many times. Almost daily.

1 Q. And have you found the website CoinMarketCap with the US
2 dollar equivalent of the cryptocurrency to be reliable as far as
3 how much the price is in US dollars of cryptocurrency?

4 A. I feel it's reliable enough, yes.

5 MS. SNEED: Your Honor, I move to admit Government
6 Exhibit 44.

7 MR. LOWTHER: No objection.

8 THE COURT: It's admitted.

9 MS. SNEED: Ms. Etienne, if you could call up Government
10 Exhibit 44, please. And if you could highlight -- thank you,
11 ma'am.

12 BY MS. SNEED:

13 Q. Mr. Martinez, is this what we were just discussing, your list
14 of purchase and sales of FLiK tokens?

15 A. Yes.

16 Q. And can you tell from this document how much the US dollar
17 amount was that you bought on EtherDelta on -- of FLiK tokens on
18 October 10th, 2017?

19 A. Yes. I spent \$1,458.49.

20 Q. And that's towards the bottom of the screen in red there?

21 A. Yes.

22 MS. SNEED: Ms. Etienne, if you can cull out that row,
23 please.

24 Q. Is that the amount, sir, in the red to the right that you just
25 testified, \$1,458.49?

1 A. Yes.

2 Q. And, sir, from this document, can you also tell how much US
3 dollars you spent on the two transactions on November 7th, 2017,
4 on CoinExchange?

5 A. Yes.

6 Q. And what was that dollar amount?

7 A. I'm sorry. We're looking at November 7, 2017?

8 Q. Yes, sir.

9 A. I would have to do -- do the math. I can make an estimate.

10 Q. I believe, sir, you testified earlier that the first
11 transaction on November 7th, 2017, was for approximately 5,005
12 FLiK tokens?

13 A. Yeah. 5,054.

14 Q. Yes. And so do we have a US dollar amount listed on
15 Exhibit 44 for that transaction?

16 A. Yes.

17 Q. How much is that?

18 A. Okay. Yeah. For that transaction, that was \$309.22.

19 Q. And for that second transaction on November 7th, 2017, where
20 you purchased 6,573 FLiK tokens, what was the US dollar equivalent
21 of that?

22 A. \$402.12.

23 Q. Do you currently hold FLiK tokens today?

24 A. I still have them, yes.

25 Q. And how much do you believe they're currently worth?

1 **A.** I can only estimate. I highly doubt that they're worth more
2 than pennies.

3 MS. SNEED: Thank you, sir. I have no further
4 questions. Mr. Lowther may have some questions for you.

5 CROSS-EXAMINATION

6 BY MR. LOWTHER:

7 **Q.** Good afternoon, Mr. Martinez.

8 **A.** Good afternoon.

9 **Q.** My name is Joshua Lowther, and I represent Ryan Felton.

10 **A.** Okay.

11 **Q.** You testified that you're a cryptocurrency trader?

12 **A.** Yes.

13 **Q.** You've done that for approximately five years?

14 **A.** Yes.

15 **Q.** Which cryptocurrencies have you traded?

16 **A.** I've traded dozens, major cryptocurrencies and mid caps and
17 small cap projects.

18 **Q.** Over the entire course of five years?

19 **A.** Yes.

20 **Q.** Would you agree that's a highly speculative market?

21 **A.** Yes.

22 **Q.** You discovered FLiK on a website named 4Chan, correct?

23 **A.** Yes.

24 **Q.** So you don't rely on information from 4Chan; that's just a
25 starting point for your research?

1 A. Correct.

2 Q. So it may give you an idea?

3 A. Yes.

4 Q. And once you get an idea, you do your own research or your due
5 diligence?

6 A. Yes.

7 Q. And when you saw FLiK on 4Chan, you researched obviously that
8 concept and Mr. Felton?

9 A. Yes.

10 Q. So you went to the FLiK website?

11 A. Yes.

12 Q. You read what you could about it?

13 A. Yes.

14 Q. You researched Mr. Felton?

15 A. Yes.

16 Q. You realized that he was a TV and film producer here in
17 Atlanta?

18 A. Uh-huh (affirmative).

19 Q. Correct?

20 A. Yes.

21 Q. He owned his own studio?

22 A. Yes.

23 Q. And you saw some of the works that he produced, correct?

24 A. Yes.

25 Q. And that gave you a higher level of confidence about

1 purchasing FLiK tokens?

2 **A.** Yes.

3 **Q.** You mentioned that you saw on the site TI, Clifford Harris, is
4 co-owner?

5 **A.** Yes.

6 **Q.** And you saw various social media postings from TI about FLiK,
7 did you not?

8 **A.** I did.

9 **Q.** Not so much on Twitter but on Instagram?

10 **A.** I saw more posts on Twitter. And I saw them as screenshots on
11 Telegram as well.

12 **Q.** But those were clearly from TI's accounts?

13 **A.** Yes.

14 **Q.** And you have no reason to believe that Mr. Felton could post
15 from TI's account, correct?

16 **A.** Correct.

17 **Q.** And you also saw that Tony Gallippi was an advisor?

18 **A.** Yes.

19 **Q.** And Mr. Gallippi, he's associated with BitPay, correct?

20 **A.** Correct.

21 **Q.** Would you tell the jury what BitPay is just very briefly?

22 **A.** BitPay is a crypto payments company that facilitates
23 transactions between cryptocurrencies and national currencies such
24 as dollars. Basically it helps you to check out or -- on websites
25 like you could pay with cryptocurrencies and the merchant can

1 receive dollars or whatever currencies they want or vice versa.

2 Q. Thank you.

3 And Mr. Gallippi has brought cryptocurrency payments into
4 major businesses, correct?

5 A. Yes.

6 Q. Are you aware that Mr. Gallippi actually signed an advisor
7 agreement with FLiK?

8 A. I read that, but I was unable to independently verify that
9 myself.

10 MR. LOWTHER: Thank you, Mr. Martinez.

11 No further questions, your Honor.

12 THE COURT: Any redirect?

13 MS. SNEED: No, your Honor.

14 THE COURT: Sir, you can step down. Thank you.

15 Ms. Sneed, Mr. Kitchens, do I understand that you'll
16 have your next witness ready in the morning given the hour.

17 MR. KITCHENS: That's correct, your Honor. Just to
18 clarify, is this witness excused?

19 MR. LOWTHER: Yes, your Honor. No other questions.

20 (Witness excused)

21 THE COURT: Thank you. All right.

22 Ladies and gentlemen of the jury, that's going to be our
23 last witness for this afternoon. I think most mornings we will
24 try to start by 9:00. Tomorrow morning the Court has another
25 hearing that was unavoidable and had to be done at 9:00 tomorrow

1 morning, but it's going to be a very short one. So tomorrow
2 morning we're not going to start until 9:30. 9:30 tomorrow
3 morning. If you could try to shoot to be here by 9:15, that would
4 be helpful just in case anybody's running a few minutes late,
5 we'll hopefully all be here and ready to go by 9:30.

6 Ms. Oduka, do you want -- where do you want to have them
7 assemble at 9:15?

8 COURTROOM DEPUTY CLERK: Y'all can come back to the jury
9 room. There will be a marshal.

10 THE COURT: Once they leave the courtroom, if you would
11 escort them and show them how to get back there. Okay? All
12 right. Thank you very much.

13 You're reminded of your instructions for this break and
14 all breaks. Does anybody want me to repeat them? No takers.
15 Have a good evening.

16 (The jury exited the courtroom)

17 THE COURT: All right. Y'all can have your seats.
18 Thank you.

19 Counsel, anything that we need to discuss this evening
20 or anything in advance of the witness -- first witness tomorrow
21 morning?

22 MR. KITCHENS: One thing briefly, your Honor, on our
23 end, which is we noticed when we were reviewing some of the
24 exhibits that we have in evidence that there are some redactions
25 that still need to be made. We are going to work on that

1 certainly this evening to make sure the redactions are made to
2 remove the personally identifiable information. So no other
3 changes will be made to those exhibits. We just intend on
4 replacing the exhibits with the ones with the redacted copies.

5 THE COURT: Mr. Lowther, anything to say on that?

6 MR. LOWTHER: No objection, your Honor.

7 THE COURT: Very well. And, again, I do have another
8 hearing hopefully right at 9:00.

9 And, Ms. Oduka, that's by Zoom, correct?

10 COURTROOM DEPUTY CLERK: Yes.

11 THE COURT: So if y'all could also try to be here and
12 ready to go closer to 9:15. Hopefully we'll definitely be able to
13 start by 9:30 if not even a few minutes earlier. It will be
14 appreciated.

15 With that, I hope everyone has a great evening.

16 Ms. Oduka, thank you.

17 Ms. Coudriet, thank you.

18 And to our court security officer, I appreciate your
19 help.

20 Everybody take care.

21 (After a recess, proceedings were continued as follows:)

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C E R T I F I C A T E

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

I do hereby certify that the foregoing pages are a true and correct transcript of the proceedings taken down by me in the case aforesaid.

This the 15th Day of May, 2023.

Penny Pritty Coudriet

PENNY PRITTY COUDRIET, RMR, CRR
OFFICIAL COURT REPORTER